

## **FY 2007 Annual Program Performance Measures**

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**DEPARTMENT:** MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC GROWTH

**APPROPRIATION UNIT:** Management Services      **PROGRAM:** Finance and Administrative Services

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**TIMELINE:** October 1, 2006 through September 30, 2007

### **PROGRAM MISSION STATEMENT (Customer-Focus Direction)**

We will provide outstanding financial support to our customers by continually improving our skills and processes through training, innovation, and process measurement by linking to the Governor's Seven Roads to Grow Michigan's Economy and DLEG's Visions and Values as our guides.

### **PROGRAM STATEMENT**

Finance and Administrative Services consists of the five divisions listed below working together as a cohesive team to provide outstanding administrative support services to our customers.

Office Services Division: Provides mail, office space, telecommunications, state vehicle, and office design and construction for DLEG.

Budget Services Division: Provides budget development and monitoring services for all areas of DLEG. Staff are assigned to support specific DLEG programs. **Staff are assigned specific DLEG programs to support.**

Procurement Services: Provides procurement assistance of commodities and services, administration of grants, printing and forms management, MAIN security administration, and information sharing through training and written correspondence. The division also administers specialized procurement programs implemented on a statewide basis as they occur. **Staff are assigned specific DLEG programs to support.**

Financial Services Division: Provides a full range of accounting services for all areas of DLEG including responsibility for fiscal year opening and closing activities, providing accounting expertise and maintaining the accounting system to insure that DLEG is compliant with State of Michigan requirements, policies and procedures. Our Revenue Service unit process receipts for the Department of Community Health's occupational licenses in addition to its support of DLEG. **Staff are assigned specific DLEG programs to support.**

Workforce Program Grant Division: Provides grant management support for the Bureau of Workforce Program of DLEG.

### **FUND SOURCE:**

Federal Funds  
State Restricted Funds

### **LEGAL BASIS:**

Public Act 345 of 2006

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### **CUSTOMER IDENTIFICATION:**

Customers - Legislature; Governor, Department of Management and Budget and other departments; Management and program staff of Labor and Economic Growth; outside vendors, and citizens of the State of Michigan that use or receive our services.


### **CRITICAL GOALS/MAJOR OBJECTIVES**

#### **Program Goals:**


- We will respond within 24 hours to our customers' requests for services in a professional and courteous manner.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> For the most part we are meeting this goal. Staff makes every effort to respond within 24 hours as this is a bureau wide mandate.
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- We will communicate timely and accurate information to our customers.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We continue to meet this goal as this is associated with the above strategy as well.
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- We will monitor department expenditures and revenue and provide timely reports in order for management to make sound decisions.


<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We monitor financials on an ongoing basis and provide monthly updates for DLEG Management.
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- We will process Travel Reimbursements within 2 workdays of receipt in our office.


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<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> See related chart attached. We are improving in our attempts to meet this goal.
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- We will process ADPICS Direct payments within 1 workday of receipt in our office.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> See related chart attached. We have met this goal the majority of the time.
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- We will process ADPICS Invoice payments within 1 workday of receipt in our office.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> See related chart attached. We are beginning to meet this goal.
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- We will process Refunds of Revenue within 1 workday of receipt in our office.


<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> See related chart attached. We met this goal the majority of the time .
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- We will process cash receipts within 24 hours of receipt in our office.


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<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: See related chart attached. We meet this goal under normal circumstances. The exception being large renewal periods and mechanical/system challenges which are beyond our control.
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- We will provide MAIN security access for customers as necessary to perform duties of position.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We are meeting this goal for all customers requesting assistance as evidenced by request logs maintained by security administrators.
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- We will establish/revise MAIN approval paths when needed to ensure adequate internal controls.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We are meeting this goal as evidenced by the recent Single Audit review.
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- We will continue to establish processes/procedures to ensure efficient departmental operations.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We will continue our work to use business process reengineering to streamline processes.
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- We will identify and monitor potential authorization lapse balances so that the funds may be used for other legitimate departmental

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purposes.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We work towards this goal as part of monitoring expenses and providing monthly reports to DLEG management.
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- We will process all C-47 personnel requests within 2 days of receipt from the Office of Human Resources.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We are meeting this goal as evidenced by log maintained by staff.
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- We will monitor grant expenditures to assist program staff in making best use of federal and state matching funds.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We are meeting this goal as shown by the increase in the number of projects we are being asked to fund.
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- We will draw funds from the federal government in a timely manner to meet federal requirements and ensure prudent cash management.


<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  Comment: We are meeting this goal as evidenced by submission of reports and the recent Single Audit review.
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- We will provide accurate financial data to assist in the federal grant application process.


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<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We are meeting this goal as shown by the increase in federal grants applied for.
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- We will provide timely and accurate processing of all procurement requests including requisitions, CS138s, and print orders.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We are meeting this goal. Volume is down and we lost one staff person we will not be replacing.
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- We will provide accurate purchasing information to department personnel, vendors, and other state departments as requested.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We are meeting this goal as evidenced by correspondence sent to our customers.
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- We will provide cross training within divisions utilizing written procedures, task checklists, and on-line reference materials.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We are continually striving to meet this goal.
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- We will provide effective MAIN training to department personnel, both in person and in writing.


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<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We are meeting this goal as evidenced by sessions held. We have implemented a traveling training session on Travel issues.
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- We will provide services in a professional and courteous manner.

<b><u>Highlight status</u></b>  Green	<b><u>Strategy</u></b> 1.1  <b>Comment:</b> We believe we are meeting this goal.
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### Processes/Services

Our processes and services are developed and improved by constantly communicating with our customers and stakeholders.

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### **PROGRAM EFFECTIVENESS (Current Year)**

#### **Program Goals/Metrics**

See [attached](#) examples

#### **Performance Measures**

Timeliness, Accuracy, and Customer Satisfaction as applied to:

Financial Reporting Self-Assessment (required by DMB)

Biennial Financial Audits (Office of Auditor General)

Federal Financial Status Reports

Deposit Clearing Fund

Procurement Processing

Office Space Service Requests

Customer Surveys Requisition Processing

Processing MAIN Security/Approval

Print Order Processing

Payment Processing

Program Financial Plans/Reports

Revenue Processing

Biennial COSO Report

Mail Delivery

Telephone Service Requests

CS138 Processing

Order Processing

ADPICS Approval Paths

#### **Program Improvements Made**

- We completed our close out of fiscal year 2006 financial activity on November 18, 2006. This met Management and Budget's deadline.
- We are working on our fourth year of imaging and storing our payment documentation electronically. This has eliminated the need to file payment documents, freeing up file space approximately 36 hours a month devoted to filing.
- We began a process of training program staff on statewide travel policies. The presentation is available on our intranet site..
- We continue to review and update the Purchasing and Payment Procedures, Reference Information and Contacts on our Intranet site to reflect changes in staffing and processes. This information is essential to department programs for reference on how to acquire commodities and services.
- Our payment volume decreased 16.7% (64,585 total documents) from last year (77,528 total documents). We lost 2 staff in Accounts Payable to retirement and did not backfill their positions.
- Our procurement volume is also down from the same time last year. We lost 1 staff person to another DLEG program and not backfill the position.
- In May we combined both Federal sections into 1 section. Previously we had 2 managers, each at the 14 level. One transferred to



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another department, the other retired. It had always been our intention to combine the 2 sections when conditions became favorable.

- We continued to monitor our department wide operating costs. Changes from the same time (FY07 ending 9/30/07) last year include:
  - Travel expenditures-down 22.56%
  - Utility expenditures-down 2.92%
  - Printing expenditures-down 17.18%
  - Office Supply expenditures- down 21.79%
  - Procurement Card expenditures-down 14.46%
  - Conf./Seminar expenditures – down 42.63%
  - Temp Service expenditures-down 52.21%
  - Subscription expenditures-down 61.88%
  - Telecom expenditures – down 5.02%
  - Utility expenditures – down 2.92%
- We are a very efficient support operation. The cost of providing support to all of DLEG is 1.85% of total DLEG Direct Operating Costs. Since we have no one to benchmark against, we believe this is well below private industry standards.

### PROGRAM IMPROVEMENT PLANS FOR FY08

- We plan to continue our efforts to reduce the cost of processing procurement, payment and receipt transactions.
- We plan to continue our efforts to assist Management and Budget in reducing the cost of fiscal year closing and close the FY04 books by November 19, 2007.
- We plan to increase our efforts to identify and attend training classes that will increase the knowledge and effectiveness of our staff if the executive directive placing a moratorium on training is lifted.
- We plan to continue our efforts working with program staff to migrate remaining large volume license renewals from the current manual cash receipting process to the automated NDP250 process.
- We plan to assist Management and Budget in developing an on-line travel reimbursement process available to all state employees.
- We plan to continue our efforts to reduce costs and monitor and reduce spending within DLEG in order to comply with the Governor's Executive Directives.
- We plan to continue our initiative to move the remaining occupational licenses to an Internet based renewal process through the MI.GOV website.
- We plan to work with the State Record Center to improve our imaging system by making records available on the Intranet through the "IRMA" system possibly to include procurement documents and journal vouchers.

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- We plan to continue our efforts to improve our expenditure and revenue projection data for all DLEG programs.
- We plan to coordinate and submit all requests for emergency equipment replacement required to meet the Department's needs.
- We plan to establish and document processes to provide consistency and instruction for cross training between positions.
- We plan to continue administering the procurement card program through increased efficiencies by training department personnel on using Payment Net.
- We plan to continue to review all bureau-established contracts and grants to assure appropriate language approved by the Attorney General is included in order to protect the State.
- We plan to incorporate efficiencies in processing requests for commodities and services, including CS-138's, as it relates to obtaining internal approvals.
- We plan to ensure the intranet is updated timely and accurately.
- We plan to provide department-wide training to new MAIN users including ADPICS and R\*STARS transactions.
- We have been selected to work with DIT to "Pilot" a statewide DIT procurement system.
- We will replace the current "DATAFLEX" system for tracking workforce program information with a system that integrates with MAIN.
- Continue to reduce and consolidate office space to meet department/program requirements.
- Continue to implement and exercise energy reduction strategies.
- Continue to combine state cell phones under one vendor with shared minutes.
- Develop continuity for the emergency planning program.
- Continue the development of the continuity of business plan.

### **CHALLENGES FOR FY08 and BEYOND:**

- Working with State Budget Office to successfully turn over accounting staff while maintaining the level of service our customers have become accustomed to.
- Developing a succession plan to insure there is no drop in service as staff retire or leave. We lost 8 staff in FY2007, replacing none of them. 42% of our staff are eligible to retire at the present time. 4 have already notified us they will be retiring within the next 14 months.
- Continuing to improve our services in light of budget and hiring "freezes".
- Work more closely with Workforce program staff so that their grant and contracts are managed more effectively and efficiently.

**Finance and Administrative Services  
Staff by Division  
Including OHR**

	Staff by Unit	(1)	Revised	(2)	Adjusted	(3)	Final	# Bodies per \$10MM Spent (unless noted)	Spend Explanation	Customers Outside Area	Staff Ratio per Customer (1:X)
<b>Budget (*)</b>	6	1.2	7.2		7.20	0.16	7.36	0.02	Total DLEG	3,904.1	530.7
<b>Financial Services (*)</b>	2		2	-1.00							
Accounts Payable	10		10	0.57	10.57	0.23	10.80				
Federal Funds (1)	9	-1.2	7.8	0.45	8.25	0.18	8.43				
Accounting and Revenue Services	16		16	0.92	16.92	0.37	17.29				
<b>Total</b>							36.52	0.10	Total DLEG	3,875.0	106.1
<b>Workforce Development</b>	6		6		6.00	0.13	6.13		Supports BWP	235.0	38.3
<b>Procurement (*)</b>	7		7		7.00	0.15	7.15	0.02	Total DLEG	3,904.3	545.9
<b>Office Services</b>	2		2	-2.00	0.00						
State Vehicle	1		1	0.06	1.06	0.02	1.08	3.83	Total VTS		
Telecom Support	3		3	0.18	3.18	0.07	3.25	4.69	Total Telecom		
Property Management	2		2	0.12	2.12	0.05	2.16	0.08	Total Lease Cost		
Mail and Document Services	12		12	0.71	12.71	0.28	12.98	0.04	Total DLEG		
Construction and Delivery Services	11		11	0.65	11.65	0.25	11.90	0.03	Total DLEG		
<b>Total</b>			0				31.37			3,880.1	123.7
Students (Do not spread)	5		5		5.00		5.00				
	92		92				94			3,818.0	40.8
Bureau Management	2		2								
<b>FY07 Expenditure Info.</b>							3,486,150,797				
<b>Divided by \$10MM</b>							348.6150797				
<b>Total OHR staff (21)/Total DLEG Staff Served (4,022.5/1000) as of 10/20/07</b>							21	5.37	per 1000 employees	3,890.5	185.3
<b>FY07 DLEG Direct Costs</b>							457,893,920				
<b>FY07 OHR and FAS Costs</b>							8,485,719				
<b>OHR and FAS Cost as % of Total Direct DLEG Expenditures</b>								1.853%			

**(\*) Individual staff are assigned to support specific programs**

(1) 4 individuals are also involved in the Budget process (30%) and adjust for support staff

(2) Spread Division Managers where appropriate

(3) Spread Bureau Administration

Source: "DLEG Financial Report for FY ending 9/30/07", Prepared by FAS

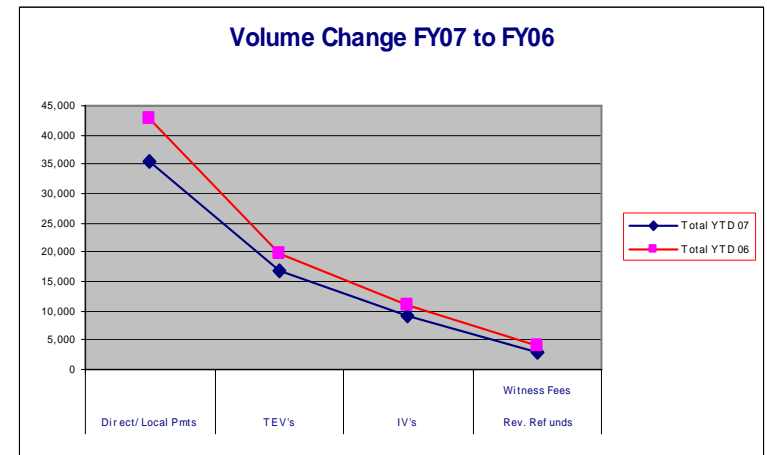
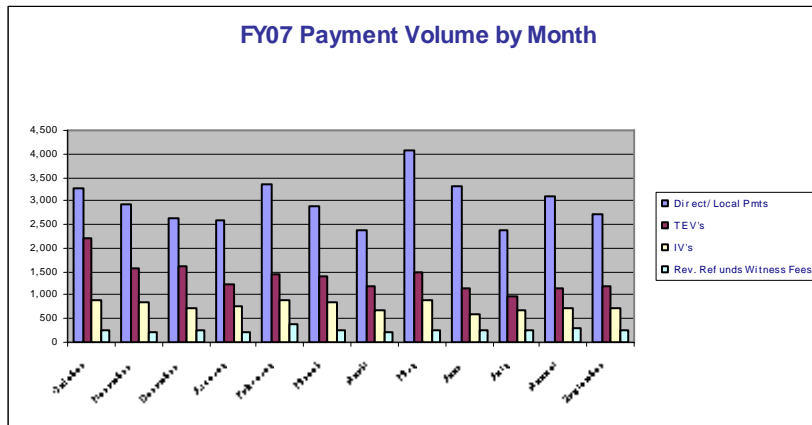
Total DLEG Staff @ 10/22/07

does not include contractals, seasonals

or vacancies in process

3,911.5

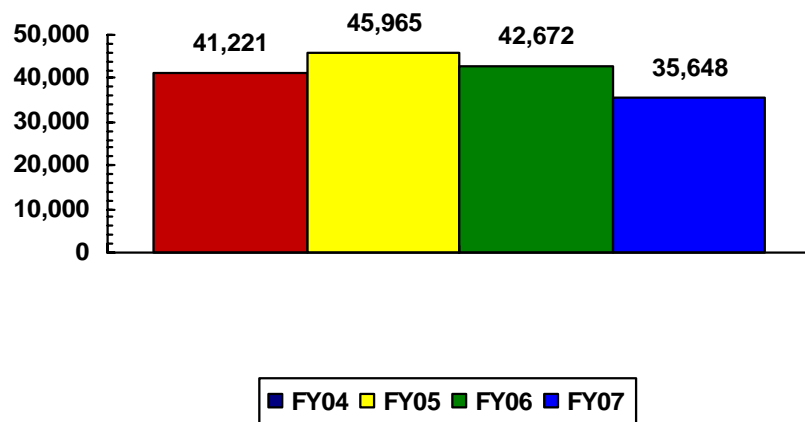
# FY07 Monthly Payments By Type/Compared to Prev. YR.



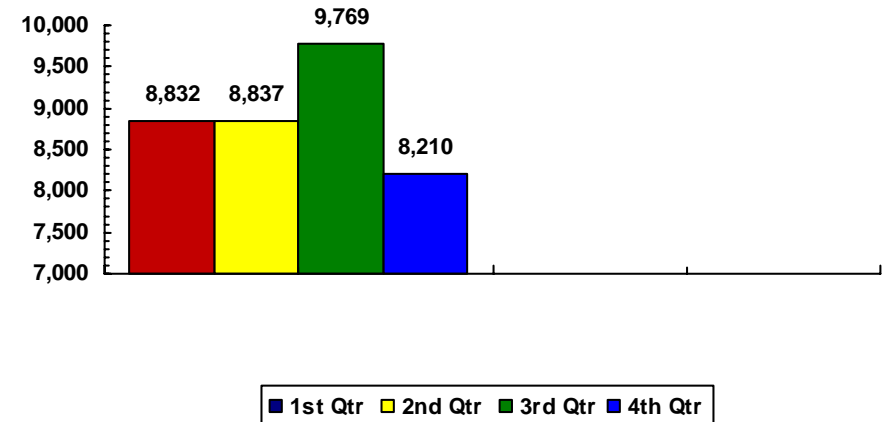
For the year, we are down 12,943 or -16.69% from a year ago. We have experienced the loss of 2 staff people. We will not be backfilling these positions.

# Direct Vouchers Processed 10/1/06 to 9/28/07

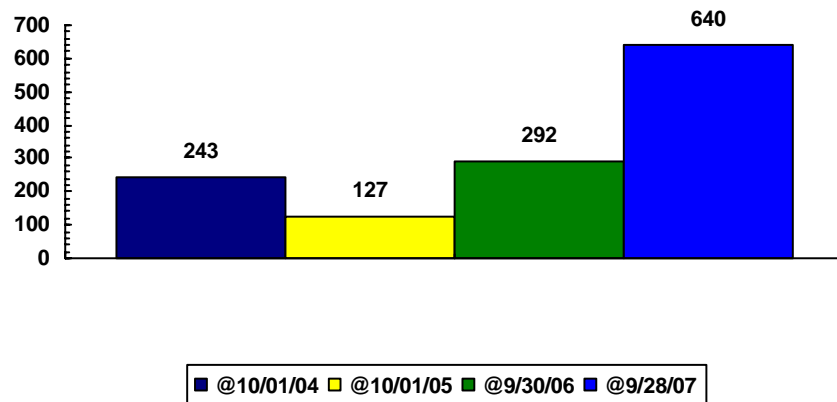
### Year to Date Comparison



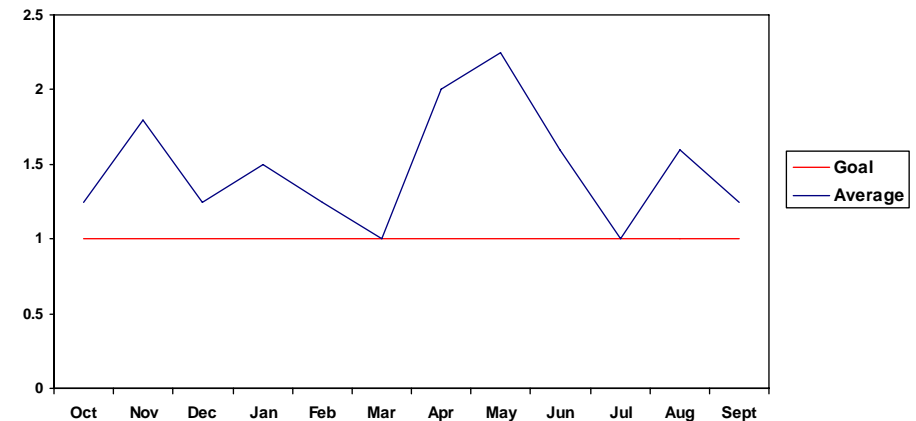
### Quarterly Comparison



### Backlog

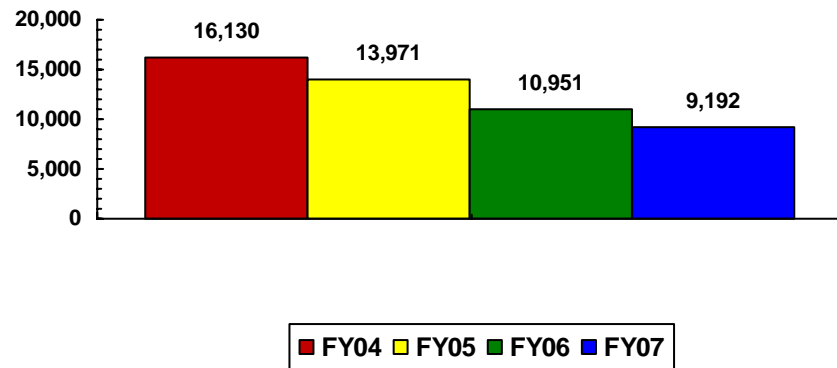


### Average Daily Processing Time vs. Goal

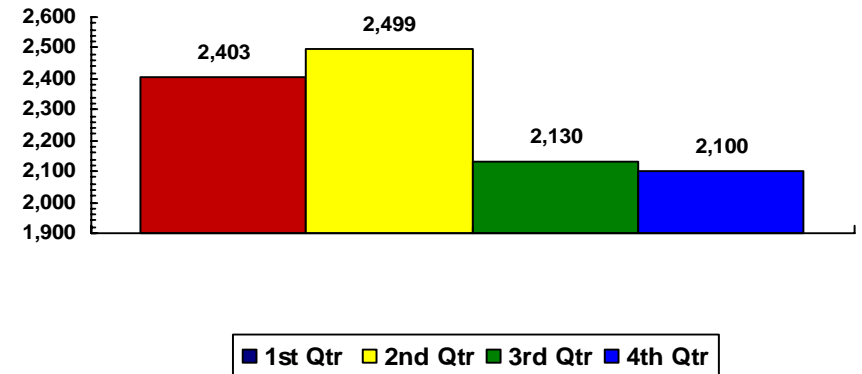


# Invoice Vouchers Processed 10/1/06 to 9/28/07

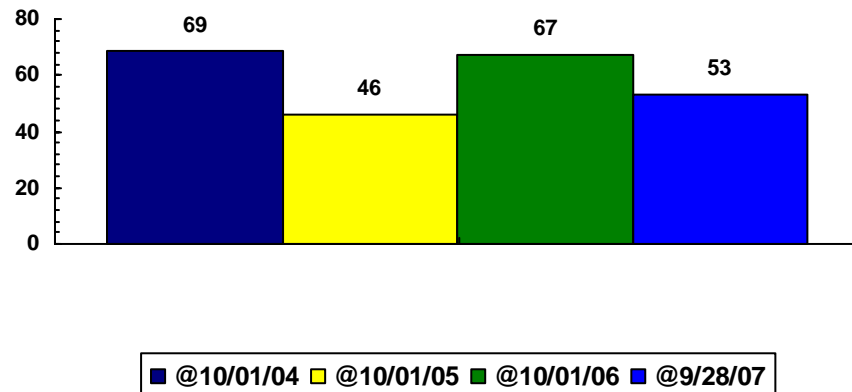
Year to Date Comparison



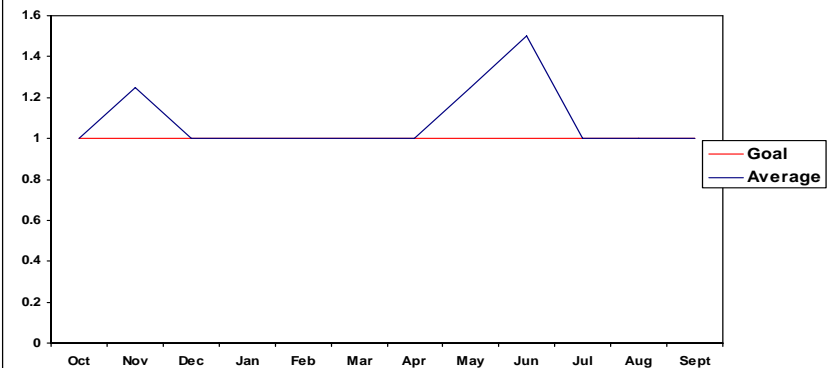
Quarterly Comparison



Backlog

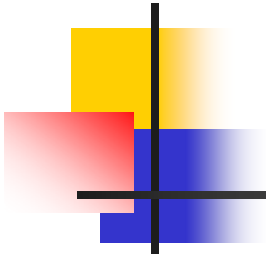


Average Daily Processing Time vs. Goal

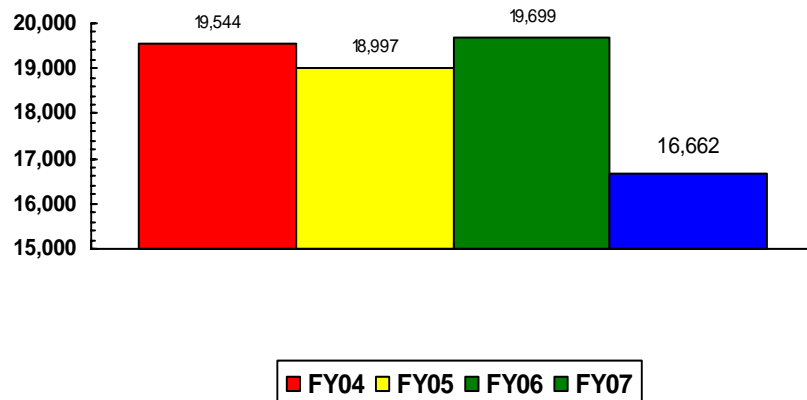


# Travel Reimbursements Processed

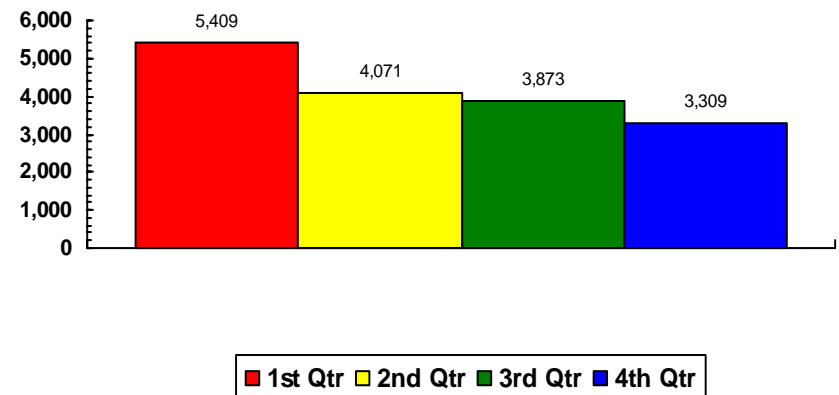
## 10/1/06 to 9/28/07



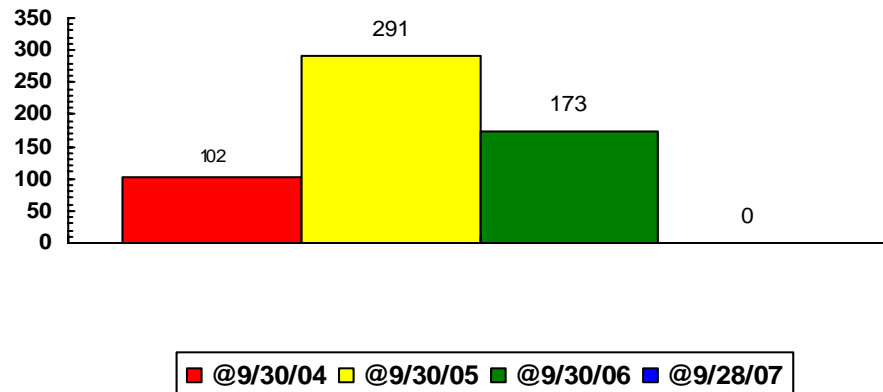
Year to Date Comparison



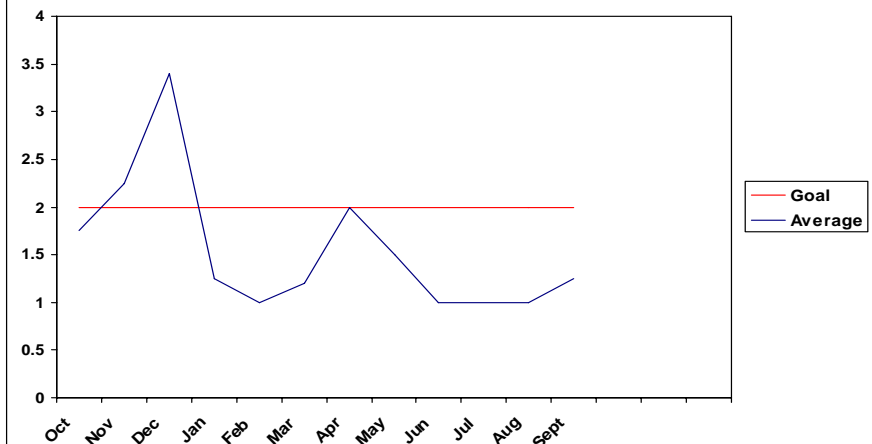
Quarterly Comparison



Backlog

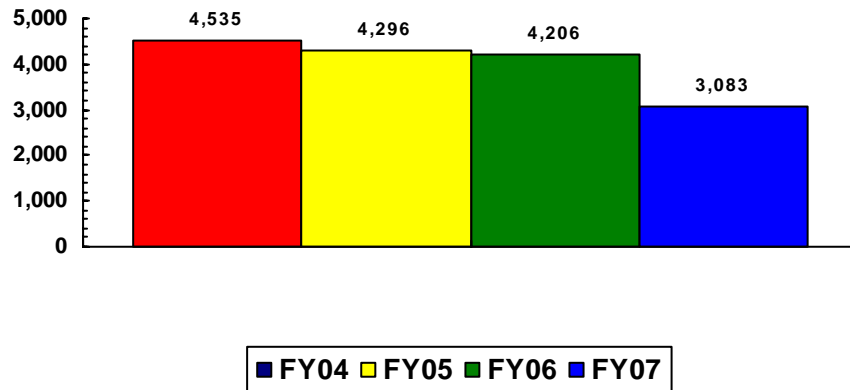


Average Daily Processing Time vs. Goal

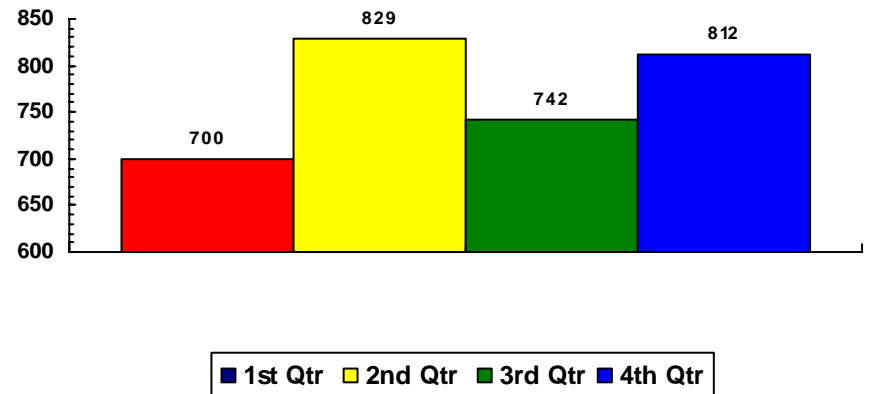


# Revenue Refunds and Witness Fee Payments Processed 10/1/06 to 9/28/07

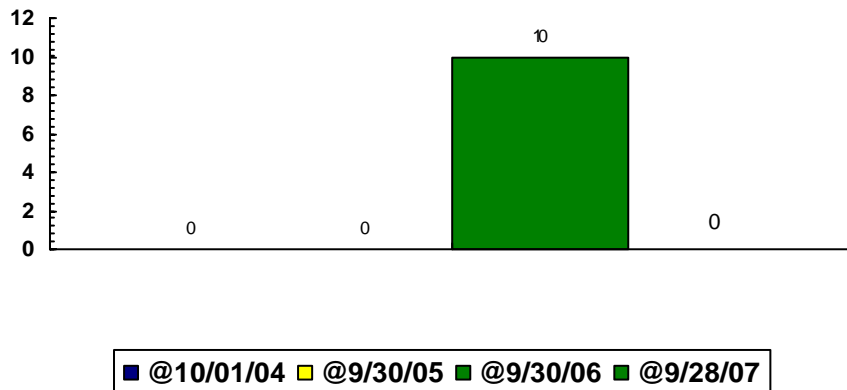
Year to Date Comparison



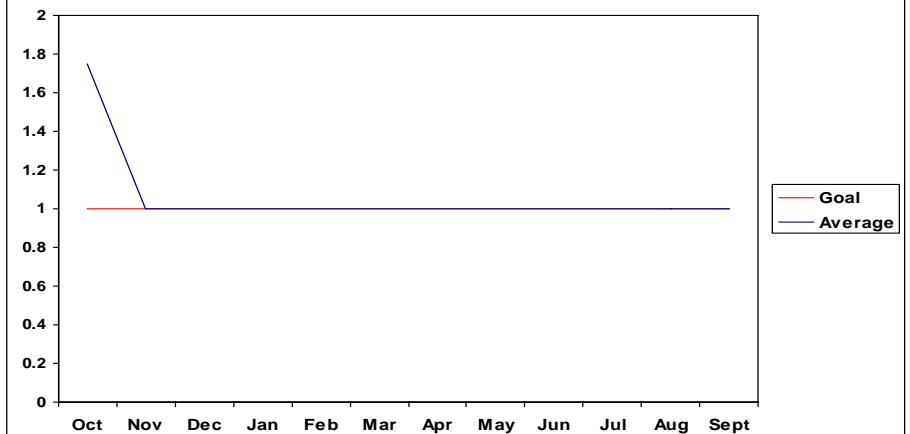
Quarterly Comparison



Backlog



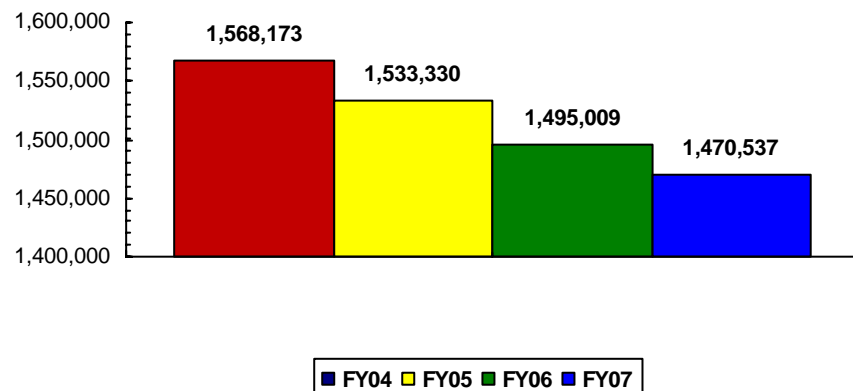
Average Daily Processing Time vs. Goal



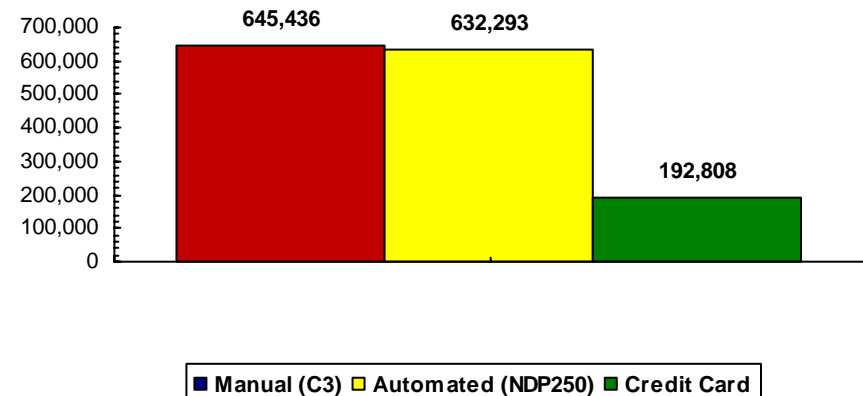


# Cash Receipt Transactions Processed 10/1/06 to 9/28/07

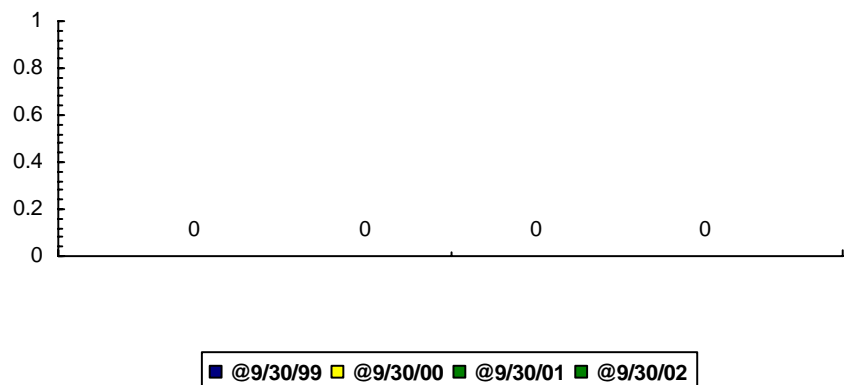
Year to Date Comparison



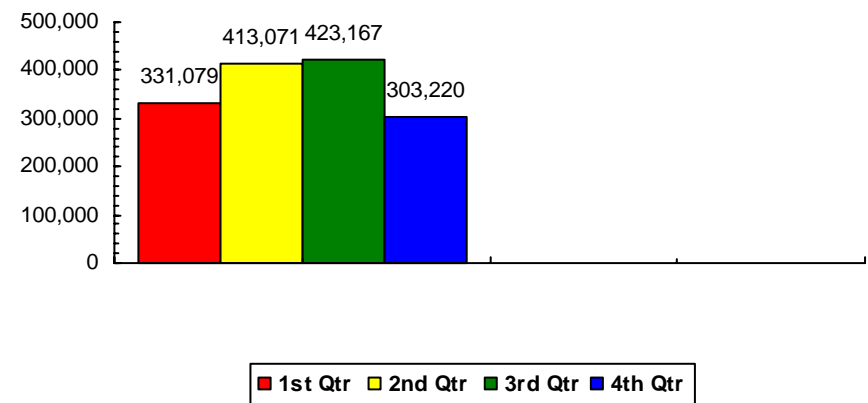
Year to Date Comparison



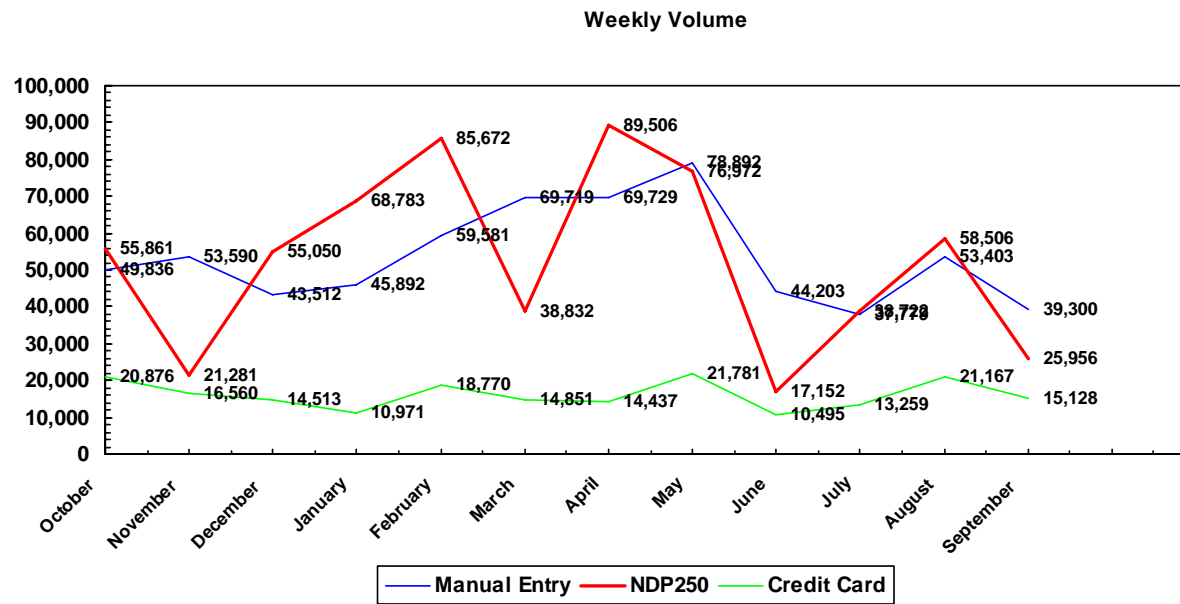
Backlog



Quarterly Comparisons



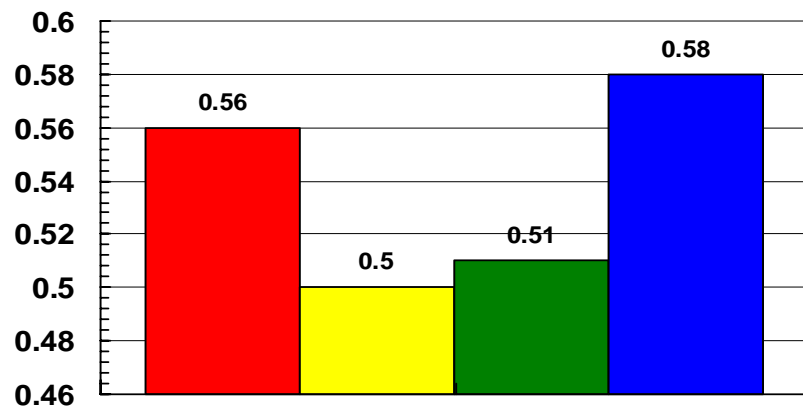
## Monthly Receipts Processed FY2007



The operators are processing scannables received 10/01/07 and non-scannables received 10/02/07

# Payments and Receipts Processing Costs 4 Year Comparison

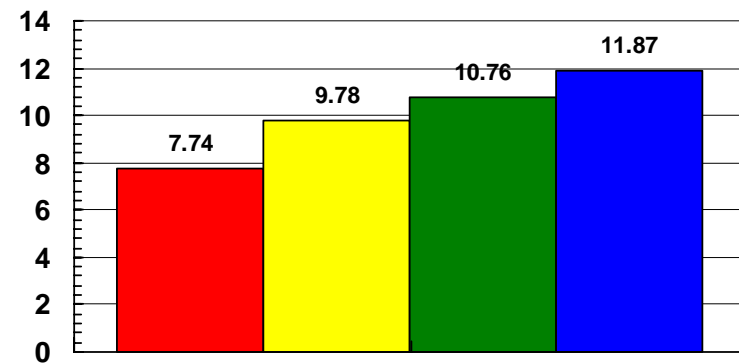
Transaction Costs- Receipts Processed  
Objective: Increase Efficiency  
Outcome: Cost has remained steady/transaction



Receipts

■ FY03 ■ FY05 ■ FY06 ■ FY07

Transaction Cost-Payments  
Objective: Increase Efficiency  
Outcome: Cost increased \$.98/payment



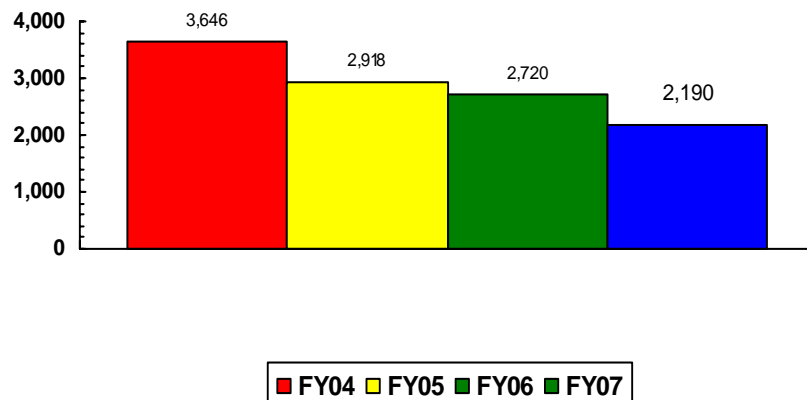
Payments

■ FY03 ■ FY05 ■ FY06 ■ FY07

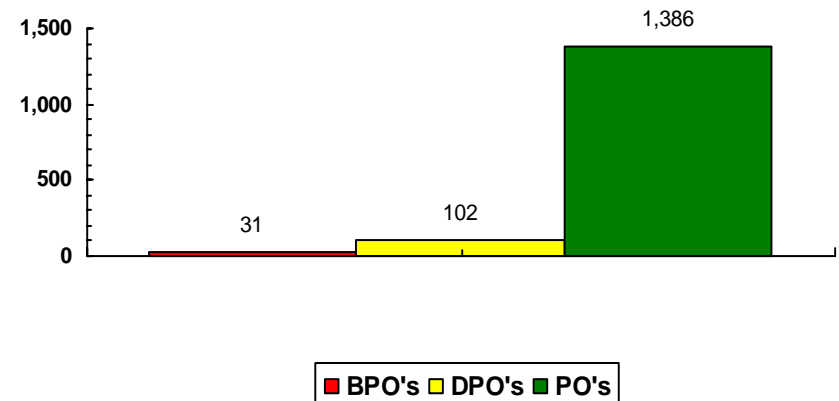
FY04 is not included due to the consolidation of Finance Staff from CIS and DCD into one unit. FY07 payment costs include retirement payoffs for 2 staff whose positions were not backfilled. As of 1/08, another position became vacant and we do not intend to fill due to current volume levels.

# Procurement Activity 10/1/06 to 9/28/07

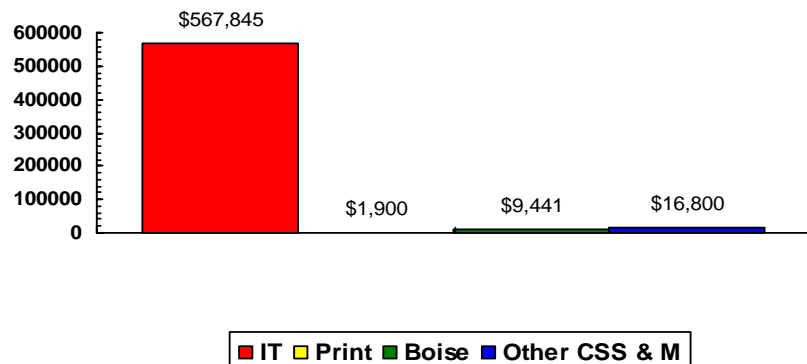
## Requisitions Processed Annual Comparison



## Volume



## Savings



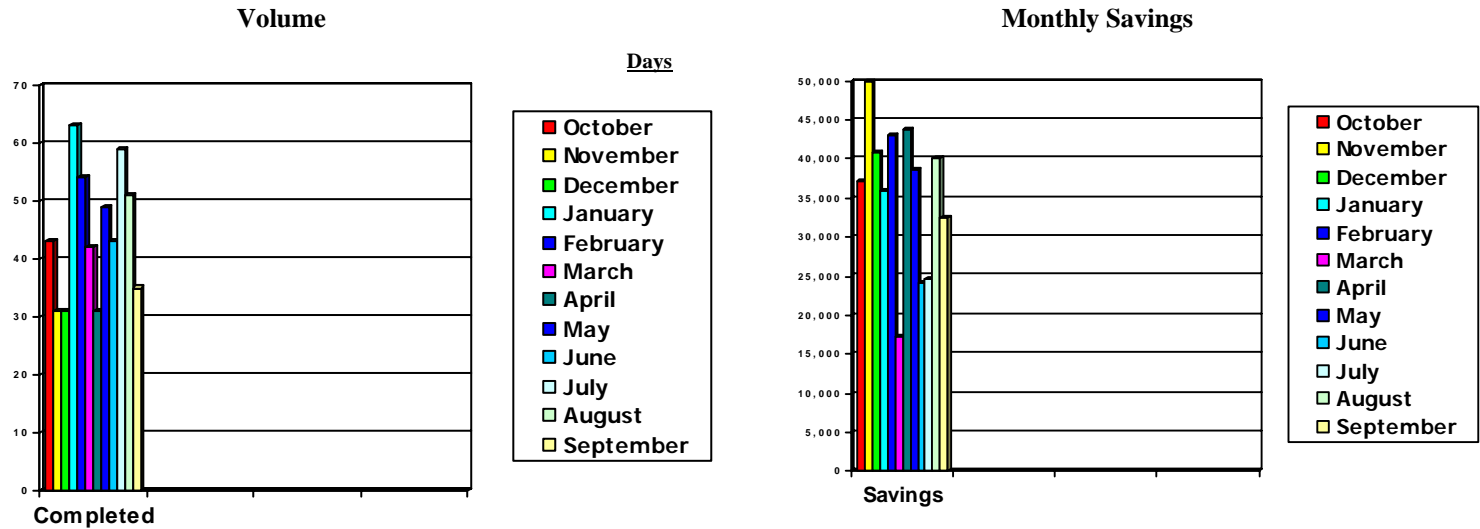
Purchasing and Grant Services Division processed 2,190 requisitions in FY07.

DMB Print & Graphic Services requisitions accounted for 785 of the total requisitions processed.

The division processed 31 Blanket Purchase Orders, 102 Direct Purchase Orders (DPO) and 1,386 Purchase Orders.

The Department incurred savings of \$567,485 in Information Technology requests, \$1,900 in savings related to print orders, \$9,441 in Boise as a result of issuing payment within 10 days of receipt of the invoice, and approximately \$16,180 in other contractual services. This equates to a total savings of \$595,626 for FY07. Volume fell by 19% compared to FY06 and is down 40% since FY04. We reduced staff by 1 position in FY07 due to reduced workload.

# Office Services Construction Report For Jobs Completed FY 07



Total jobs completed for FY 07 – 532

Total material savings for FY 07 – \$427,766.48